

Indiana State Police BAAs – Questions and Answers

Below, please find the answers to all questions. The question and answer period has now ended. We look forward to receiving your responses by 2PM EST on Friday, March 9th (submit to: response@capcities.net).

1. Concerning the small-mid cap search, would small cap managers be considered?

[Small-, SMID- and Mid-cap managers will be considered.](#)

2. Is it possible to get the broad agency announcement in a word document form?

[The Word versions of the documents are now available on the website \(\[www.in.gov/tos\]\(http://www.in.gov/tos\)\).](#)

3. I noticed in these two requests that once again, the State is specifically targeting non-mutual fund vehicles (separate accounts are preferred, but will consider commingled trusts). Can you shed some additional light on why the search specifically is looking at non mutual fund solutions?

[Due to the large mandate sizes, separate account products are attainable. Separate account products are typically characterized by competitive fees, as well as customized service and investment management. Commingled products, including mutual funds, however, will be considered.](#)

4. We have both a Small Cap and a SMID Cap. Do we have to choose which to submit or can we submit both for the Fund to review?

[Managers are asked to submit one response per BAA.](#)

5. I notice one of the minimum qualifications is at least \$250MM in the strategy. Presently, we are less than that, however, we have \$3.6B in AUM as a firm and have a stable PM team. Please let me know if you feel this is a problem, as I don't want to submit a proposal that does not meet the requirements of you and your client.

[The Investment Committee reserves the right to consider firms with less than the stated assets in the strategy, on a case-by-case basis.](#)

6. You indicate that firms with either EAFE or ACWI products are invited to bid. Our firm offers both. Does the client have a preference, i.e. a developed markets only mandate or an ACWI which will give them at least some exposure to emerging markets?

The objective of the search is to complement the existing international equity manager who maintains a broadly-diversified strategy with a large-cap bias. Generally, all things being equal, we would prefer the broader index.

7. Since Approximately \$45 million is allocated to the Small- to Mid-Cap Broad style and will likely be split between two managers, are you considering style specific managers for this search (i.e. value and growth) or are you limiting the search to broad (core) managers only?

The search is specifically seeking two Small- to Mid-Cap Broad managers with approaches managed against the Russell 2000 Index or Russell 2500 Index. Core managers with a slight style tilt may be considered, however the search is not specifically seeking managers who bench themselves against the Russell Value and Growth indices.

8. With regards to the International Equity RFP, are you looking for a manager with a value tilt to complement the existing manager or are you looking for another Growth manager to complement the allocation? Also is this mandate for a portfolio managed using ordinary shares or ADRs only?

The objective of the Core International search is to find a strategy with attributes that complement the existing manager who maintains a broadly-diversified, large-cap bias. The investment committee recognizes there are multiple ways to complement such a strategy.

The BAA does not specifically state a preference as far as ordinary shares versus ADRs.

9. Would the State Police Pension Trust consider an institutional mutual fund for this mandate?

Yes. Though separate account management is preferred, commingled vehicles, including mutual funds, will be considered.

10. The RFP states that questions should be received by you all by the 5th, answers posted by the 7th, then the RFP is due by the 9th. Is that the correct timeframe to turn around the RFP? Or is it simply the letter of intent to participate is due by the 9th?

The time frame communicated in BAA is correct. Responses to the BAA (RFP) are due by 2pm EST March 9, 2007. Responses should be submitted via email to response@capcities.net. Questions may be asked by potential respondents until the 5th. Answers to these questions will be posted by the 7th at the latest.

11. It states there can be only “one response per firm”. Does that mean each firm may only submit one strategy?

Each firm may submit one response per search, meaning one response for the Small-/Mid-Cap Broad search and one response for the Core International Equity search.

12. We would like to participate with our small cap growth manager. But before we do so, we wanted to check in with you to make sure that they meet the minimum asset level requirements. They have a four year track record in small cap, and as you will see from the attachment they are extremely competitive within the Evestment universe of their peers. But they have just under \$10 million in the strategy? \$33 million as a firm, we are very active with them in the market and we do not expect them to be there for long. With that said, should we participate in this small cap growth search?

The Investment Committee reserves the right to consider firms with less than the stated assets in the strategy, on a case-by-case basis.

The search is specifically seeking two Small- to Mid-Cap Broad managers with approaches managed against the Russell 2000 Index or Russell 2500 Index. Core managers with a slight style tilt may be considered, however the search is not specifically seeking managers who bench themselves against the Russell Value and Growth indices.

13. If you don't mind me asking, is your firm the consultant on the plan? If not, do you know who is?

Capital Cities, LLC is the consultant.

14. Is this for a small cap growth manager?

The search is specifically seeking two Small- to Mid-Cap Broad managers with approaches managed against the Russell 2000 Index or Russell 2500 Index. Core managers with a slight style tilt may be considered, however the search is not specifically seeking managers who bench themselves against the Russell Value and Growth indices.

15. I have a question regarding the sector breakdown for the Smid RFP: may we use GICS or Russell sectors to break down our portfolio if we cannot match the exact sectors listed in the RFP?

We would prefer managers use the sectors listed on question IV. M, however, GICS and Russell sectors are allowable, but should be noted.

16. We launched a Small-Mid Cap Fund on 12/30/05. We now have 6 separate accounts and the fund with roughly \$150 million. We would like to propose our Small-Mid Cap. One of the minimum qualifications is that the manager have

>\$250 million in the proposed product. Given the short track record and the asset size of our Small-Mid strategy, would we be considered for this mandate?

The Investment Committee reserves the right to consider firms with less than the stated assets in the strategy, on a case-by-case basis.

17. "What were the last three transactions made, and why did you make them?", what time period are you asking for? Most information is dated through 12/31/2006, but I wanted to double check that also applies to this question.

Please respond with the three most recent transactions at the time of completing the questionnaire.

18. In addition to the "Securities Guidelines" and "Broad Agency Announcement," is there any other guideline or investment policy documentation that will need to be reviewed before submission.

At this time, the "Securities Guidelines" and "Broad Agency Announcement" documents are the only documents that require review.

19. So, a few quick questions....are there any meetings/presentations as part of the selection process? Second, is the International mandate looking for a "Core" STYLE of management [as opposed to Growth or Value], and, if it is seeking a strategy to complement a 200-400 lg cap driven strategy, what type of average weighted mkt cap/ small and mid cap component is optimal? And lastly, is an EME component ok?

Meetings/presentations may be a component of the search process.

As stated in the BAA, the international mandate sought is for a Core style of management. Given the objective of complementing the existing international manager (broadly-diversified, large-cap bias), we recognize there are multiple ways to achieve the optimum combination. As such, there are no specific ranges sought with regards to overall market capitalization, and mid cap and emerging markets exposure.

20. Is there a preference for the fund to select a manager that utilizes Ordinary shares or ADRs? If the Plan is willing to use a combination, is there a maximum amount of ADRs that can be used in the portfolio?

The BAA does not specifically state a preference as far as ordinary shares versus ADRs.

There is no stated maximum amount of ADRs that may be used.

Second and Final Posting of Questions and Answers

21. Regarding the ISPPT BAA and the statement below, is the “Investment Policy Statement” which providers will be required to sign, available for review?

The “Securities Guidelines” are available for review under “Financial Reports” at www.in.gov/tos. Signatures are not required until contract negotiations occur.

22. We have been unsuccessful in our efforts to try to locate the Excel spreadsheet file referenced in Part IV, question #2 to input performance results. Could you guide us?

The spreadsheet is titled “Quarterly Return Information (in Excel)” and is located under “Financial Reports” at www.in.gov/tos.

23. We are not currently registered with the Indiana Secretary of State. Our understanding is that this registration is not required at this point for the purposes of the Broad Agency Announcement, but that we would take steps to register should our firm progress to a later stage in this process. Is our interpretation on this correct?

After further review of the statute governing registration with the Indiana Secretary of State, it has been determined that **investment managers are exempt** from this registration requirement according to IC 5-22-1-3.

24. Can you give me the schedule of interviews? Where will they be held and to whom will presentations be made?

The schedule and location of interviews and or presentations is not yet known, nor are the possible attendees.